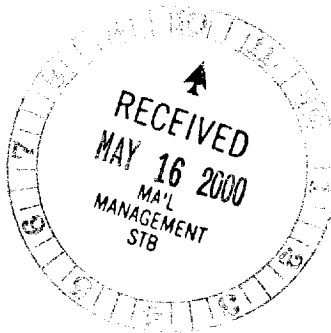


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NAO Logistics



General Motors Corporation

4th Floor Annex
3044 West Grand Boulevard
Detroit, Michigan 48202

May 15, 2000

Vernon A. Williams
Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582 (Sub-No. 1)
1925 K Street N.W.
Washington, DC 20423-0001

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Office of the Secretary

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Dear Mr. Williams:

Enclosed are the original and twenty-five copies of General Motors Corporation's comments concerning the Surface Transportation Board's proposed rulemaking on rail consolidation procedures. We ask that the Board waive the electronic submission requirement for GM.

Thank you for consideration.

Nicholas P. Matich (RMD)

Nicholas P. Matich
Executive in Charge
GM North America
Production Control & Logistics

cc: W. J. C. Gilroy
M. E. MacDonald
S. O'Toole

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**BEFORE THE SURFACE TRANSPORTATION BOARD
STB EX PARTE NO. 582 (SUB-NO 1)**

**GENERAL MOTORS CORPORATION
COMMENTS ON PROPOSED RULEMAKING**

**NICHOLAS P. MATICH
EXECUTIVE-IN-CHARGE
GM NORTH AMERICA
PRODUCTION CONTROL & LOGISTICS**

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As a major North American rail shipper, General Motors welcomes this opportunity to provide comments to the Surface Transportation Board relative to STB Ex Parte No. 582 (Sub-No. 1).

In an earlier proceeding, STB Ex Parte 582, General Motors offered several observations about the condition of the railroad industry in North America resulting from railroad mergers and consolidations. At that time we reiterated our long held belief that competition is superior to regulation, and we noted that railroad service performance had been unable to meet reasonable customer requirements. GM's view was that railroad consolidation had become associated with this deterioration.

Likewise, we presented several examples of worsening service and the economic consequences of these actions on GM. Testimony from other parties indicated that we in the automobile industry were not alone in undergoing similar distress.

The STB's solicitation of public comment in the proposed rulemaking dealing with merger rules can greatly assist in minimizing future problems. While General Motors will not be overly specific as to what impending regulations should say, we definitely believe that certain principles should guide the Board in framing them.

First, enhancement of competition should be paramount. The nature of the railroad business does not allow ease in fostering intramodal competition. Shippers served by a single carrier or limited by geography should have a means of escaping short or long-term service difficulties that may inadvertently result from a merger. We encourage the Board to consider relief measures in the context of its current authority.

A second point deals with emergency control planning. As a condition for merger approval, merging parties must demonstrate that they have precise, documented strategies with timetables for relieving customer problems should they occur. In other words, they must have contingency plans in place for the correction of anticipated operational or system problems. There may never be a problem, but there will be evidence that the parties looked at all areas prior to proceeding with implementation.

Finally, merger rules dealing with the "downstream" effects of a proposed consolidation must be based on what is provable, not speculation and conjecture. It is definitely risky to rely on the suppositions of merging parties' competitors and their allies to the exclusion of other evidence, especially when one is trying to determine what a likely strategic response from other railroads will be.

To restate our position, we ask that the STB keep the competitive aspect of a merger in the forefront, demand proof of detailed planning from merging railroads, and consider on a case by case basis the possible effects of mergers. Thank you for your consideration of our statement.